

# Exhibit AA

A. CICALSE

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

Civil Action No. 97-cv-3496(DRD)(MAS)

WALSH SECURITIES, INC.,

Plaintiff,

vs.

CRISTO PROPERTY MANAGEMENT,  
LTD., a/k/a G.J.L.LIMITED; DEK HOMES  
OF NEW JERSEY, INC., et al.,

Defendants.

\_\_\_\_\_  
Avenue 16 Calle Jose Martin  
San Jose, Costa Rica  
Wednesday, September 29, 2010  
9:55 a.m. - 3:19 p.m.

VIDEO TAPE DEPOSITION OF ANTHONY M. CICALSE

Taken on behalf of the Plaintiff before  
Diana Santos, Shorthand Reporter and Notary Public  
in and for the State of Florida at Large, pursuant  
to Notice of Taking Deposition filed in the above  
cause.

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A. CICALESE

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1 APPEARANCES:

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11 Attorney for Commonwealth Land Title Insurance Company

12 LAUREN J. TALAN, ESQUIRE

FOX ROTHSCHILD

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Roseland, NJ 07068

14 Attorney for Title Insurance Co. of New York and

Fidelity National Title

15 Insurance Co. of New York

16 RICHARD CALANNI, PRO SE

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17 Tinton Falls, NJ 07724

18  
19 ALSO PRESENT:

20 JASON STAPLETON, VIDEOGRAPHER

21  
22  
23  
24  
25 \*Exhibits retained by counsel.

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A. CICALESE

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1 Q Do you recall if you ever spoke to any  
2 representatives of a title insurance company?

3 A No.

4 Q And the -- just so -- I will give you the  
5 names. One of the defendants in the suit is  
6 Commonwealth Land Title Insurance Company; did you  
7 ever speak to any representative of Commonwealth?

8 A I don't believe I did. I may have. I  
9 really can't remember.

10 Q And then the other two title companies are  
11 Fidelity and Nations Title.

12 A I recognize all the names from the  
13 documents, but I don't know if I ever actually spoke  
14 to anyone in their offices.

15 Q Okay. Did you recall ever speaking to  
16 Robert Walsh?

17 A I never spoke Mr. Walsh or his brother  
18 Jim, I believe. The only person I think I ever  
19 spoke to over the phone at Walsh Securities was  
20 Betty Ann Walsh.

21 Q Betty Ann Demola?

22 A Okay.

23 Q She was the national sales manager; why  
24 would you speak to Ms. Demola?

25 A Well, there was a point in time where, you

## A. CICALESE

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1 know, that the procedures that were being used to  
2 close these properties didn't exactly sit right with  
3 me and I called Betty Ann, because she was the one  
4 that I was referred to that I needed to speak to  
5 over there, and who was constantly on the phone with  
6 either Lori or myself, and about when these deals  
7 would come.

8 So I called her and asked her if she was  
9 aware of, you know, the way the properties were  
10 being flipped and whatnot at the closings and she  
11 said, yes, this is the way that we have been doing  
12 it. Just go ahead and do it, because I was worried  
13 about disbursing the funds.

14 Q When was that?

15 A I really couldn't give you a date.

16 Q Was it towards the end of --

17 A I don't think that it was towards the end.  
18 I would think it was more in the beginning.

19 Q And how many times did you -- who else did  
20 you speak to at Walsh Securities?

21 A I really couldn't give you any other  
22 names. I was taken there one time for, I guess,  
23 Gary Grieser and Bill Kane had a meeting or it might  
24 have been Anthony D'Apolito. I know Gary was there.  
25 I can't remember who the other person was that was

A. CICALESE

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1 transactions, called Walsh Securities and was  
2 referred to Betty Ann Demola, correct?

3 A Right.

4 Q Who did you speak to initially at Walsh  
5 Securities?

6 A I don't know.

7 Q And do you know why you ended up speaking  
8 to Ms. Demola?

9 A No, I was just transferred around to her.

10 Q Okay. And then you said the substance of  
11 your conversation was you were -- well, I will just  
12 ask you: What was the substance of your  
13 conversation?

14 A Basically, I was a little concerned that  
15 at the closings they were -- they were basically  
16 selling off 60 percent of the property to Capital  
17 Assets, and there was no paperwork indicating that  
18 sale to Walsh, who was the lender who had an  
19 interest, you know, now in only 40 percent of a  
20 property that they had an interest in 100 percent of  
21 before and they told me they were okay with that  
22 and...

23 Q And Ms. Demola said that?

24 A Yeah.

25 Q Did Walsh Securities receive copies of the

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# Exhibit BB

ORIGINAL

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : TRANSCRIPT OF  
VS. : PROCEEDINGS

ANTHONY D'APOLITO : Martin Luther King  
----- Building  
50 Walnut Street  
Newark, NJ 07102  
December 23, 1998  
10:10 a.m.

B E F O R E:

THE HONORABLE ALFRED M. WOLIN

A P P E A R A N C E S:

U.S. DEPARTMENT OF JUSTICE  
UNITED STATES ATTORNEY'S OFFICE  
BY: ROBERT M. HANNA, ESQ.  
Assistant United States Attorney  
District of New Jersey

CHAMLIN, ROSEN, ULIANO & WITHERINGTON, ESQS.  
BY: CHARLES J. ULIANO, ESQ.  
Attorneys for Defendant, Anthony D'Apolito

Reported By:

NADINE C. FUSCO, C.S.R., R.P.R.



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here?

MR. D'APOLITO: Yes.

THE COURT: Did you read what Mr. Uliano wrote?

MR. D'APOLITO: Yes.

THE COURT: Do you accept it as if you had written it with your own hand?

MR. D'APOLITO: Yes.

THE COURT: Is it true?

MR. D'APOLITO: Yes.

THE COURT: I want to go over just a few of the entries.

Going over to entry number eight, it indicates that the charge here in Count One is the conspiracy to commit wire fraud in violation of federal statute, and then the substantive offense of wire fraud in violation of other federal statutes. Those are the charges as you understand them; correct?

MR. D'APOLITO: Yes.

THE COURT: Going over to entry number 24, it indicates that for each of those charges you face a term of five years imprisonment, a maximum \$250,000, so if you were put that

1  
2 THE COURT: And did he answer the  
3 questions to your satisfaction?

4 MR. D'APOLITO: Yes.

5 THE COURT: I just want to go over this  
6 agreement just very briefly. And it indicates  
7 that you are going to plead guilty to a two-count  
8 felony, and under the charge section, it specifies  
9 the two counts you're going to plead guilty to.

10 The government says that you are  
11 entering a plea of guilty on all the above charges  
12 and if you fully comply with all the terms of this  
13 agreement, then they will not initiate any further  
14 charges against you arising out of or related to  
15 fraudulent mortgage loans during the years 1996  
16 and 1997 involving properties located in the  
17 District of New Jersey, which fraudulent mortgage  
18 loans you facilitated using your position as an  
19 executive at Walsh Securities; is that correct?

20 MR. D'APOLITO: Yes.

21 THE COURT: And the scope of protection  
22 that they cover is limited to the criminal  
23 activity that you have revealed to the Office of  
24 the U.S. Attorney as of the date of this  
25 agreement?

1  
2 THE COURT: And, lastly, I will repeat  
3 that I'm not bound by the stipulations or  
4 agreements that you've entered into by the  
5 government if I find that they're inaccurate or  
6 the pre-sentence report indicates to me they're  
7 inaccurate.

8 Do you understand that?

9 MR. D'APOLITO: Yes.

10 THE COURT: I would now like to discuss  
11 with you, if I may, the factual basis for the  
12 entering of your plea.

13 Have you had an opportunity to review  
14 the memorandum that was forwarded to this court --

15 MR. D'APOLITO: Yes.

16 THE COURT: -- dated December 22nd,  
17 1998, and a copy went to your counsel, Mr.  
18 Uliano?

19 MR. D'APOLITO: Yes.

20 THE COURT: Am I correct, sir, that  
21 during 1996 and 1997 you were employed as an  
22 account executive at Walsh Securities Inc., a  
23 wholesale mortgage lender with offices in  
24 Parsippany, New Jersey?

25 MR. D'APOLITO: Yes.

1  
2 THE COURT: Did Walsh Securities pay  
3 you a base salary and commissions based upon the  
4 total principal amount of closed mortgage loans  
5 you generated and, on occasion, bonuses for  
6 meeting certain targets set by Walsh Securities?

7 MR. D'APOLITO: Yes.

8 THE COURT: Did you generally  
9 understand that underwriting decisions as to  
10 mortgage loans were based, at least in part, on  
11 information contained in the mortgage application,  
12 supporting documentation submitted with the  
13 application, and appraisal reports on the  
14 property?

15 MR. D'APOLITO: Yes.

16 THE COURT: In early 1996, did you, by  
17 agreement and understanding with various persons  
18 including William Kane, prepare fictitious leases  
19 and take other actions in connection with mortgage  
20 applications submitted to and later approved by  
21 Walsh Securities?

22 MR. D'APOLITO: Yes.

23 THE COURT: Were those fictitious  
24 leases designed to show that the multi-family  
25 properties that were the subject of the mortgage

1  
2 application were occupied by rent-paying tenants  
3 and therefore would generate rental income?

4 MR. D'APOLITO: Yes.

5 THE COURT: Did you generally  
6 understand that in 1996 and 1997 numerous mortgage  
7 applications accompanied by similiarly fictitious  
8 leases and other false supporting documents, such  
9 as fraudulent pay stubs and IRS Forms W-2, were  
10 used to generate mortgage loans by Walsh  
11 Securities which were funded by Greenwich Capital?

12 MR. D'APOLITO: Yes.

13 THE COURT: Did you also at that time  
14 generally understand -- and I'm speaking about  
15 1996 and 1997 -- that the transactions generating  
16 those mortgage loans were, quote, "land flips,"  
17 close quote. That is, the properties that secured  
18 the loans had been purchased or were under  
19 contract to be purchased by William Kane and other  
20 persons and entities at a relatively low price and  
21 were resold shortly thereafter to another at a  
22 significantly higher price?

23 MR. D'APOLITO: Yes.

24 THE COURT: Did you accept payments  
25 from William Kane in connection with hundreds of

1  
2 fraudulent land flip transactions that generated  
3 mortgage loans for Walsh Securities?

4 MR. D'APOLITO: Yes.

5 THE COURT: In early 1997, did you  
6 forge notarizations on various closing documents  
7 for a number of fraudulent land flips?

8 MR. D'APOLITO: Yes.

9 THE COURT: In early 1997 did Betty Ann  
10 Demola, the national sales manager of Walsh  
11 Securities, direct you to alert William Kane that  
12 a loan reviewer from Greenwich Capital intended to  
13 examine properties that secured recent mortgage  
14 loans, and did you then relay Demola's message  
15 that, in substance, Kane should make the  
16 properties look lived-in prior to the arrival of  
17 the reviewer?

18 MR. D'APOLITO: Yes.

19 THE COURT: Did Betty Ann Demola direct  
20 that loans for which you were the account  
21 executive be approved and funded based upon verbal  
22 representations of market value by an appraiser,  
23 without having received a written appraisal  
24 report?

25 MR. D'APOLITO: Yes.

1  
2 THE COURT: With regard to loans for  
3 which you were the account executive, did Betty  
4 Ann Demola direct loan underwriters to overlook  
5 suspicious loan application documents such as pay  
6 stubs and IRS Forms W-2?

7 MR. D'APOLITO: Yes.

8 THE COURT: Did you prepare the  
9 fictitious leases identified in overt act  
10 paragraph 28(a) of Count 1 and in Count 2 of the  
11 Information?

12 MR. D'APOLITO: Yes.

13 THE COURT: Have you had an opportunity  
14 to look over at paragraph 28(a) of Count 1 and  
15 Count 2?

16 MR. D'APOLITO: Yes.

17 THE COURT: Did you do all of these  
18 things that we just discussed voluntarily, meaning  
19 of your own free will?

20 MR. D'APOLITO: Yes.

21 THE COURT: Did you do them knowingly,  
22 meaning you understood that which you were doing?

23 MR. D'APOLITO: Yes.

24 THE COURT: Did you do them willfully,  
25 meaning you intended to bring about the result

1  
2 that occurred?

3 MR. D'APOLITO: Yes.

4 THE COURT: Any further questions, Mr.  
5 Hanna, in order to secure the factual basis?

6 MR. HANNA: No, your Honor.

7 THE COURT: I take it that if this  
8 matter were to go to trial, that the government  
9 would be able to prove that the wire fraud was  
10 accomplished by the use of interstate wire  
11 communications in furtherance of the fraud or  
12 scheme?

13 MR. D'APOLITO: Yes.

14 THE COURT: And, Mr. Uliano, I take it  
15 that you're satisfied that the government could  
16 prove that?

17 MR. ULIANO: Yes, sir, they can.

18 THE COURT: Why are you entering your  
19 plea of guilty here today?

20 MR. D'APOLITO: Because I'm guilty.

21 THE COURT: Mr. Uliano, are you  
22 satisfied that the plea here is entirely voluntary  
23 and it's being entered by your client with full  
24 knowledge of his rights and all of his  
25 responsibilities?



# Exhibit CC

**In The Matter Of:**  
*Walsh Securities v.*  
*Cristo Property Management*

---

*Paul J. Del Rosso*  
*September 24, 2011*

---

*Rizman Rappaport Dillon & Rose*  
*66 W. Mt. Pleasant Ave.*  
*Livingston, N.J. 07039*  
*(973) 992-7650*

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**1**

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
CIVIL NO. 97-3407 (DRD)

WALSH SECURITIES,  
INC.,

Plaintiff,

v.

CRISTO PROPERTY  
MANAGEMENT, LTD.,  
et al,

**DEPOSITION UPON  
ORAL EXAMINATION  
OF  
PAUL J. DEL ROSSO**

T R A N S C R I P T of the stenographic

notes of HOWARD A. RAPPAPORT, a Notary Public and  
Certified Shorthand Reporter of the State of  
New Jersey, Certificate No. XI00416, taken at the  
offices of STONE & MAGNANINI, 150 John F. Kennedy  
Parkway, Short Hills, New Jersey, on Saturday,  
September 24, 2011, commencing at 7:55 a.m.

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11 Fidelity National Title Insurance

12

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DelRosso - cross

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1           A           I did at some level, and then Arnold  
2 Cohn, I believe.

3           Q           Anyone else?

4           A           And I would think Jim Walsh did with  
5 Arnold.

6           Q           How about Robert Walsh?

7           A           I don't believe Mr. Walsh was ever  
8 involved in the actual loans.

9           Q           How about Fred Schlesinger?

10          A           Possibly. I don't know.

11          Q           How about Bette Ann Demola?

12          A           I don't believe she had any approval  
13 authority.

14          Q           There has been testimony in this case,  
15 for lack of a better term, Bette Ann bullied people  
16 within the office. Is that a fair statement?

17                   MR. MEE: Objection to the form of the  
18 question.

19          A           I guess.

20          Q           She wanted things done her way. Is that  
21 a fair statement?

22                   MR. MEE: Objection to the form of the  
23 question.

24          A           Yes.

25          Q           You are aware, are you not, that her

DelRosso - cross

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1 compensation was based on the number of loans that  
2 closed at Walsh?

3 MR. MEE: Objection to the form of the  
4 question.

5 A That I didn't know.

6 Q Did you understand her to be the  
7 national sales manager?

8 MR. MEE: Objection to the form the  
9 question.

10 A At some point, yes.

11 Q There was also some testimony that she  
12 often bullied you and other underwriters into making  
13 exceptions to allow certain loans to go through.

14 Do you recall her ever engaging in that  
15 type of conduct with you?

16 MR. MEE: Objection.

17 A She tried.

18 Q Was she ever successful?

19 A On the ones that I think I needed to  
20 stand my ground, I went to Arnold Cohn and turned the  
21 loan over to him, and he and Bette Ann hacked it out,  
22 or Jim Walsh got it involved. I don't know. It was  
23 above me at that point.

24 Q This is the boss' sister, right?

25 A Yes, sir.

DelRosso - cross

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1           Q       If she were bullying you in asking you  
2       to approve a loan that didn't meet the guidelines and  
3       you felt that bullying was inappropriate, you  
4       referred it higher up the chain to let them deal with  
5       her.

6                   Is that a fair characterization?

7           MR. MEE:  Objection to the form of the  
8       question.  That's not exactly how he responded to  
9       your last question.

10           MR. HAYES:  He can tell me if I  
11       mischaracterized what he said.

12           A       I guess that's the way it would be.  I  
13       would go above me.

14           Q       Because you didn't want to get into a  
15       fight with her?

16                   MR. MEE:  Objection.

17           A       It wasn't a fight.  I thought the loan  
18       was approved properly and the exception was made  
19       properly, and if it was above me, it was above me.

20           Q       How many other sales persons came in and  
21       attempted to bully you regarding exceptions?

22                   MR. MEE:  Objection.

23           A       I don't know.

24           Q       Any of them?

25           A       Some.  I don't recall.

# Exhibit DD



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY  
CIVIL NO. 93-3496

ORIGINAL

1 WALSH SECURITIES, INC., )  
2 )  
3 )

4 Plaintiff, )  
5 )  
6 )

7 v. )  
8 )  
9 )

10 CRISTO PROPERTY )  
11 MANAGEMENT, LTD., et al., )  
12 )

13 Defendants. )  
14 )  
15 )

16 and )  
17 )  
18 )

19 COMMONWEALTH LAND TITLE )  
20 INSURANCE, )  
21 )

22 Defendant/ )  
23 Third-Party Plaintiff, )  
24 )

25 v. )  
 )  
 )

ROBERT WALSH and ELIZABETH )  
ANN DE MOLA, )  
 )

Third-Party )  
Defendants. )

DEPOSITION UPON  
ORAL EXAMINATION  
OF  
THOMAS BRODO

TRANSCRIPT of the stenographic  
notes of AUDREY ZABAWA, a Notary Public and  
Certified Court Reporter of the State of New  
Jersey, Certificate No. XI00141000, taken at the  
offices of BOIES, SCHILLER & FLEXNER, LLP, 150 JFK  
Parkway, Short Hills, New Jersey, on Tuesday,  
April 24, 2007, commencing at 10:25 a.m.

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Counsel for Coastal Title Agency

Brodo - Direct/Kott

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1 MR. MAGNANINI: Objection to form.

2 MR. KOTT: Your objection is it's  
3 leading?

4 MR. MAGNANINI: Well, not only  
5 leading, but you dropped out in between the  
6 commas, and said, Did she in substance? There's  
7 nothing in here saying that that's exactly what  
8 she said.

9 MR. KOTT: That's why my question was  
10 not tied to the transcript. I was fairly careful  
11 of not tying it to the transcript.

12 MR. MAGNANINI: You quoted the comma  
13 section.

14 MR. KOTT: Yeah.

15 Q And did Betty Ann DeMola, in fact,  
16 verbally abuse you trying to get you to raise the  
17 appraised values you assigned the properties?

18 A If everyone agrees that calling you some  
19 names is verbal abuse, yes. She never threatened  
20 me physically, but yet she would use some, you  
21 know, sticky language sometimes.

22 Q Did you ever determine or were you  
23 able to determine what her incentive was? You  
24 talked about the incentive getting loans closed by  
25 the end of the month, but what her incentive was

Brodo - Cross/Magnanini

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1 of fraud loans, the first one was -- actually the  
2 appraisal was done January 15th of 1996, and the  
3 last of Mr. DiBenedetto's appraisals were done  
4 August 4th of 1996, and then what Mr. DiBenedetto  
5 had testified to was that he thought there was  
6 something fishy with this, so he stopped doing  
7 appraisals completely as of what would have been  
8 August 4th, 1996, but you had previously testified  
9 that you thought he continued doing appraisals  
10 through the whole time?

11 A My recollection is that he continued on,  
12 that we were still working together at that time.

13 Q Okay. And then --

14 A Because we still had contact. Whether we  
15 were still working together at the time Kane had  
16 alerted him to the fact that they there was a  
17 federal investigation, I am not sure, but my  
18 recollection is that Rich was still working with  
19 me at the time that the Asbury Park Press articles  
20 started to come out.

21 Q And then when we looked at the  
22 appraisals you had done, we had 36 of those that  
23 we found in this pile of loans, and the first  
24 appraisal date under your name, I don't want to  
25 say conveniently, coincidentally, was August 15th

Brodo - Cross/Magnanini

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1 of 1996, 11 days after the last appraisal by  
2 Mr. DiBenedetto, and then the last appraisal that  
3 you turned in was actually April 11 of 1997, and  
4 my question was your testimony is that  
5 Mr. DiBenedetto continued not just -- continued  
6 doing appraisals, or at least working with you on  
7 appraisals, beyond August 4th of 1996 and all the  
8 way up through April of 1997?

9 A Whether it went all the way up to April of  
10 '97, I am not sure, but I know that after August,  
11 after we stopped using his name and started using  
12 mine, we were still working together.

13 Q Okay. And then did who else worked  
14 with you at Eastern States Appraisal or Brodo &  
15 Associates?

16 A Well, the only other person that worked in  
17 the beginning was Rich's sister. She did typing  
18 for us, and I don't remember her name offhand.  
19 Her name didn't appear on anything. We just paid  
20 her to do typing. Let's see. I don't know that  
21 we had anyone else on a regular service working  
22 for us.

23 Q So all the appraisals you would have  
24 done would have either been signed by  
25 Mr. DiBenedetto or by yourself?

Brodo - Cross/Magnanini

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1 for. We did do some good work.

2 Q Well, I don't want to categorize it  
3 as good, but legitimate?

4 A We weren't -- yeah.

5 Q Okay. So when you were doing work  
6 for those other mortgage companies, did you ever  
7 give them verbal appraisals before you sent in the  
8 written appraisals?

9 A Yeah, it wouldn't be uncommon for someone  
10 to call and say, "What do you think this house is  
11 going to come in at? What kind of number do you  
12 think?" They are preparing their paperwork for  
13 whether people were going to qualify for the loan,  
14 but particularly if it was a sale, is it going to  
15 appraise for the sale value, or do we have to do  
16 something else to make this deal.

17 Q You had said earlier that Betty Ann  
18 DeMola had called you up and verbally abused you  
19 at end of the month.

20 A Um-hum.

21 Q Did you get similar calls like that  
22 from the other companies you did business for?

23 A It would not be unusual for someone to call  
24 and want to discuss the amounts. Betty Ann was a  
25 little more -- quite a bit more verbal --

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1 Q Over the top?

2 A -- about her displeasure with the numbers  
3 than some other people on that. It was partially  
4 her nature. I think she was just that kind of  
5 abusive person.

6 Q Did she talk to you about the numbers  
7 also or about the getting the appraisals done in a  
8 timely manner?

9 A Well, I'm sure that would have been one of  
10 her objections, yeah, if we weren't turning it out  
11 fast enough.

12 Q But you said you did get similar  
13 calls from other mortgage brokers?

14 A Yeah.

15 MR. KOTT: Similar to what?

16 Q Similar calls asking you to look at  
17 the numbers or increase the numbers or get the  
18 maximum value or get the appraisals done? Do you  
19 need that --

20 A Yes.

21 MR. MAGNANINI: Could you read that?  
22 (Record read.)

23 MR. KOTT: I object to the form of  
24 the question as being a compound question.

25 Q Let me break it down. I'll take

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1 Mr. Kott's objection to similar. Did you get  
2 calls from other mortgage clients, mortgage banker  
3 broker clients you had, asking you or pushing you  
4 to get the appraisals done in a timely manner?

5 A Yes.

6 Q And did you also get calls from those  
7 clients asking you to maximize the value or  
8 increase the value of the appraisal?

9 A Yes.

10 Q Do you recall when in the appraisal  
11 process you had gotten these telephone calls from  
12 Betty Ann DeMola? Was it when you first began --  
13 let me clarify the question. Was it when you  
14 first began the appraisals or --

15 A Do you mean any specific appraisal or all  
16 of the appraisals?

17 Q Any specific appraisal you can recall  
18 her calling you about?

19 A It wouldn't necessarily come -- it wouldn't  
20 normally come at the beginning, because we didn't  
21 know what the number we were coming in at yet, and  
22 what would prompt it is we were getting towards  
23 the end of the month, and they had to close out  
24 before the end of the month, or we had advised  
25 Kane as to the number, and there were times where



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1 we would get a call from Betty Ann saying, This  
2 number doesn't work, this number doesn't work with  
3 this deal, so that's what really would prompt it,  
4 so it wouldn't happen immediately. It would be  
5 more towards the end of the appraisal process.

6 Q So at the end of the month at closing  
7 time?

8 A Or even with an appraisal that wasn't at  
9 the end of the month, if the appraisal came in and  
10 the number wasn't, you know, what they needed, it  
11 would sometimes prompt a call.

12 Q And how many times do you recall  
13 Betty Ann DeMola calling you on these appraisals?

14 A I don't recall how many times, and it  
15 was -- I don't -- I am not here to defend Betty  
16 Ann DeMola, but she wasn't always abusive. It  
17 wasn't always a yelling and screaming  
18 conversation, but there were times when it was,  
19 and there were times when there was pressure  
20 applied to bring the number in, but like I said,  
21 she would do it in a more abusive way than anybody  
22 I had ever dealt with before, a louder way than  
23 anybody else I had ever dealt with before, but I  
24 can't say she was the only person that ever did  
25 it. I think it's endemic in the industry, and

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1 was told, to run a criminal history check, and you  
2 had to divulge any licenses that you had that had  
3 been taken away. You know, anything like that you  
4 had to divulge on the major application to become  
5 an apprentice.

6 Q Do you know if that was the practice  
7 by the State of New Jersey in the 1980s?

8 A I have no idea what they did in the '80s,  
9 but all I know is when I started they were doing  
10 it.

11 MR. MAGNANINI: Okay. No further  
12 questions.

13 MR. MC GOWAN: Just one.

14 RECROSS-EXAMINATION BY MR. MC GOWAN:

15 Q These conversations that you had with  
16 Betty Ann DeMola where she would complain about  
17 the figure, that's what I am going to focus on. I  
18 take it from your answers to Mr. Kott's questions  
19 that you don't really ever recall having met her  
20 face to face?

21 A Correct.

22 Q So those conversations would have  
23 taken place over the phone?

24 A Yes.

25 Q Were those conversations in

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1 connection with appraisals, written appraisals,  
2 physical documents that she had already received,  
3 or were those conversations in connection with  
4 verbals that you had given her pending her receipt  
5 of the written document?

6 A My recollection is it was a little bit of  
7 both.

8 Q Okay. So on the ones where you had  
9 only given her a verbal, if you had assented to  
10 her request, you could have just written the  
11 higher number on the form; is that right?

12 A Or made some changes that would justify  
13 that number. There is a process of adjustments  
14 where you come down to at least three comparables.

15 Q So would you come up with the right  
16 number?

17 A Yeah.

18 Q And you could have done that  
19 physically because you hadn't finished that form  
20 yet?

21 A Correct. It was all on the computer, so  
22 even if it had been printed out, you could easily  
23 print it out again.

24 Q That was the next question. On the  
25 ones where you had already physically done it and

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1 she had the appraisal in her possession, the hard  
2 copy, and she asked you to change it, how would  
3 you go about that?

4 MR. MAGNANINI: Objection to form.

5 A Basically you would say -- either --  
6 normally we would ask for that old appraisal back,  
7 and we would give her a replacement one.

8 Q Does the second piece of paper  
9 reflect it as a rescission, alteration or anything  
10 like that?

11 A No.

12 Q So if someone were to look at that,  
13 they would have no clue that there had been  
14 previously a lower number as to that very same  
15 appraisal?

16 A Correct.

17 MR. MC GOWAN: I have nothing else.

18 Thank you.

19 RECROSS-EXAMINATION BY MR. MAGNANINI:

20 Q Mr. Brodo, how did you know it was  
21 Betty Ann DeMola on the phone other than it was a  
22 woman I assume you spoke with?

23 A Yes.

24 Q And she said she was Betty Ann  
25 DeMola?

# Exhibit EE

6/29/02  
12:30 pm  
AL:2002R00141

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.  
v. : Criminal No. 02-508 (KSH)  
ELIZABETH A. DEMOLA : Title 18, United States Code,  
a/k/a "Betty Ann" Demola : Sections 371, 1343, and 2

I N D I C T M E N T

The Grand Jury in and for the District of New Jersey,  
sitting at Newark, charges as follows:

COUNT 1

(Conspiracy to commit wire fraud)

Background

1. At all times relevant to this Indictment:

a. Defendant **ELIZABETH A. DEMOLA**, also known as "Betty Ann" Demola, was the National Sales Manager of Walsh Securities, Inc. ("Walsh Securities"), a company whose other principals were her brothers. Walsh Securities was engaged primarily in the business of funding residential mortgage loans, with its main office in Parsippany, New Jersey and with numerous branch offices throughout the United States. **DEMOLA** was also a shareholder in Walsh Securities.

b. Walsh Securities was a wholesale mortgage lender, whose loan programs were made known to companies which functioned as mortgage originators. Those loan programs featured

various interest rates and other terms on which Walsh Securities was prepared to provide financing for borrowers. Mortgage originators would generally complete a loan application and take other information from a prospective borrower, among other steps, and then forward the loan application and other information about the borrower and property purchase to Walsh Securities. Mortgage originators were paid fees for bringing a loan to Walsh Securities, in addition to any fees paid by the borrower directly to the mortgage originator.

2. At all times relevant to this Indictment, Walsh Securities would then, in a process known as underwriting, review materials concerning a mortgage loan, which included an appraisal of the value of the property and credit and income information as to the borrower, in deciding whether or not to make the loan.

3. At all times relevant to this Indictment, Greenwich Capital Markets, Inc., of Greenwich, Connecticut ("Greenwich Capital"), which is not named here as a co-conspirator, was a source of funds for most mortgage loans made by Walsh Securities in New Jersey. Walsh Securities would fund those mortgage loans by drawing down on a credit facility, called a "warehouse" credit line, with Greenwich Capital. The funds of Greenwich Capital were often transferred by wire from a bank account outside New Jersey directly to the escrow or trust account of a New Jersey attorney participating in the closing of

title on the property, to be disbursed according to instructions provided to the attorney by Walsh Securities.

4. At all times relevant to this Indictment, Walsh Securities pursued one or both of the following courses of action with regard to mortgage loans acquired from mortgage originators: (a) Walsh Securities resold individual loans or groups of loans to other entities in transactions known as "whole loan sales," and (b) Walsh Securities, beginning in or around September 1996, pooled together large numbers of loans and sold interests in the pools to investors in a process called "securitization."

**Fraudulent real estate practices**

5. At all times relevant to this Indictment:

a. A "land flip" was a transaction in which real property was purchased or was under contract to be purchased at a relatively low price and was to be resold shortly thereafter to another at a significantly higher price. In a fraudulent land flip: (i) the higher price on resale did not fairly represent the market value of the property in an arms-length transaction, but was an artificially high price, generally supported by an inflated and false appraisal; and (ii) the higher, fraudulent resale price was used to generate a mortgage loan, the proceeds of which were disbursed for purposes including completion of the initial purchase of the property and distribution to the participants in the scheme.



b. Generally, fraudulent land flips involved two categories of buyer-borrowers. One category consisted of persons who had a genuine interest in owning and holding title to a particular property. Another category concerned persons who were identified as the buyer-borrower on the resale of the property but who had no genuine interest in owning, occupying, or holding title to the particular property and were often unaware that a property was being purchased, and a mortgage loan obtained, in their name.

**THE CONSPIRACY**

6. From in or around 1996 to at least as late as in or around August 1997, in the District of New Jersey and elsewhere, defendant

**ELIZABETH A. DEMOLA**

knowingly and wilfully combined, conspired, confederated, and agreed with others to commit an offense against the United States, that is, to devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and to do so by means of interstate wire communications, contrary to 18 U.S.C. § 1343.

**OBJECTS OF THE CONSPIRACY**

7. The objects of the conspiracy included: (a) allowing various co-conspirators to benefit from fraudulently participating in sales of properties utilizing falsified transaction documents; and (b) allowing Walsh Securities to fraudulently increase its inventory of mortgage loans, to the anticipated benefit of defendant **ELIZABETH A. DEMOLA** and other co-conspirators.

**MEANS AND METHODS OF THE CONSPIRACY**

8. In furtherance of the conspiracy, defendant **ELIZABETH A. DEMOLA** and her co-conspirators sought to cause Walsh Securities to fund an increasing number of mortgage loans initiated by various mortgage originators and others, including persons participating in fraudulent land flips. Their purpose in doing so was to enlarge Walsh Securities' inventory of mortgage loans to permit Walsh Securities to profitably securitize its loan pools. **DEMOLA** and her co-conspirators planned thereby to make Walsh Securities appear financially more successful and attractive, in order to benefit themselves by facilitating either an initial public offering of the company's stock or an acquisition by, or merger with, another mortgage company.

9. In order to facilitate fraudulent land flipping activity and to generate the resulting mortgage loans for Walsh Securities, defendant **ELIZABETH A. DEMOLA** and her co-

conspirators took the following actions, among others:

a. accepting kickbacks from land flippers in connection with the processing of fraudulent mortgage applications and related documents on properties sold by such persons;

b. preparing fictitious leases designed to show that multi-family properties which were the subject of loan applications were occupied by rent-paying tenants and therefore would appear to generate rental income sufficient to support a mortgage loan;

c. agreeing to have the fraudulent land flipping seller and others create second mortgage documents in order to conceal the absence of actual down payments by buyers;

d. approving and funding loans knowing that buyers had not made the down payments reflected in the loan documents;

e. preparing fictitious attorney escrow letters showing non-existent down payments by buyers;

f. pressuring appraisers to inflate their valuations of properties to justify higher mortgage loans;

g. pressuring and demanding that loan originators and others submit their loan applications and related documents to Walsh Securities, particularly towards the end of each month;

h. improperly eliminating underwriting conditions which were not met;

i. directing loan underwriters and others to overlook suspicious loan applications and supporting documentation;

j. approving and funding loans without first having obtained an accurate, written appraisal;

k. approving, funding, reselling and securitizing loans supported by appraisals they knew contained inflated market values and other false information;

l. approving, funding, reselling and securitizing loans supported by escrow letters and second mortgages which were not genuine;

m. approving, funding, reselling and securitizing loans knowing that mortgage payments would be made not by the buyer-borrower but by co-conspirators; and

n. directing and participating in the purging of documents from loan files and the alteration of documents in loan files.

10. When Greenwich Capital sought to have its representatives inspect various properties which stood as the collateral for Walsh Securities' mortgage loans, defendant **ELIZABETH A. DEMOLA** and her co-conspirators took steps to forestall those inspections and to conceal problems with the

properties by, among other things, causing persons to temporarily and cosmetically cover up defects in the properties and physically delaying inspections by a Greenwich Capital representative in order to allow that concealment activity to be completed.

11. As a result of the increased loan volume generated through the fraudulent land flipping activity, in or around early 1997, the principals of Walsh Securities were able to induce Resource Bancshares Mortgage Group, Inc. ("RBMG"), a large South Carolina mortgage company, to enter into an agreement to merge with Walsh Securities. Under the terms of the proposed merger, shareholders of Walsh Securities, including defendant **ELIZABETH A. DEMOLA**, were to receive substantial and valuable shareholdings in RBMG when the merger was concluded. In addition, **DEMOLA** was to become an Executive Vice-President of the merged entity, with a substantial salary, as well as bonuses, commissions, and benefits.

12. Beginning in or around late June 1997 the fraudulent land flipping activity and the corresponding number of mortgage loans funded by Walsh Securities began to decline, as the result of a law enforcement investigation into the fraudulent activity and a series of newspaper articles concerning the allegations.

13. Defendant **ELIZABETH A. DEMOLA** and her co-conspirators sought for their benefit to preserve the proposed merger with RBMG and the warehouse credit line with Greenwich Capital -- both of which were threatened by the law enforcement investigation and the press disclosures of the allegations of fraud -- by causing Walsh Securities to issue false, lulling communications to outside parties concerning the nature and scope of the fraud and the purported lack of involvement of management personnel at Walsh Securities. In those communications and by other means, Walsh Securities falsely ascribed sole blame for the fraud to persons outside the company and to lower-level employees of the company.

14. For a period of time defendant **ELIZABETH A. DEMOLA** and her co-conspirators were able through these communications and other means to successfully delay action by RBMG and Greenwich Capital which would have threatened the financial windfall anticipated by **DEMOLA** and her co-conspirators. Ultimately, however, and despite those efforts, RBMG terminated the proposed merger and Greenwich Capital terminated its warehouse line of credit.

OVERT ACTS

15. In furtherance of the conspiracy and in order to effect the objects thereof, defendant **ELIZABETH A. DEMOLA** and her co-conspirators caused the following overt acts to be committed in the District of New Jersey and elsewhere:

a. In 1996 and 1997 **DEMOLA** instructed lower-level employees at Walsh Securities to approve and fund mortgage loans without written appraisals.

b. In 1996 and 1997 **DEMOLA** caused Greenwich Capital Markets on various occasions to wire transfer, through various bank accounts outside New Jersey into attorneys' bank accounts in New Jersey, monies to fund mortgage loans being approved and funded on the basis of falsified documents.

c. In January 1997 **DEMOLA** participated in meetings at Walsh Securities with co-conspirators to discuss fraudulent loan activity.

d. In June 1997 **DEMOLA** participated in meetings at Walsh Securities with co-conspirators to discuss fraudulent loan activity.

e. On or about July 3, 1997 **DEMOLA** caused a letter, sent from Walsh Securities to Greenwich Capital Markets, to falsely describe the fraudulent loan activity.

f. On or about July 10, 1997 **DEMOLA** caused a letter, sent from Walsh Securities to parties including Greenwich Capital Markets, to falsely describe the fraudulent loan activity.

g. On or about July 24, 1997 **DEMOLA** caused a letter, sent from Walsh Securities to parties including Greenwich Capital Markets, to falsely describe the fraudulent loan activity.

h. On or about August 27, 1997 **DEMOLA** caused a letter, sent from Walsh Securities to parties including RBMG and Greenwich Capital Markets, to falsely describe the fraudulent loan activity.

All in violation of Title 18, United States Code, Section 371.



COUNTS 2-4  
(Wire fraud)

1. The allegations contained in paragraphs 1 through 5 and 8 through 14 of Count 1 of this Indictment are reiterated as if set forth at length.

2. From in or around 1996 to at least as late as in or around August 1997, in the District of New Jersey and elsewhere, defendant

**ELIZABETH A. DEMOLA,**

having knowingly and wilfully devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, as set forth in Count 1 of this Indictment, did, on or about the dates set forth below, for the purpose of executing the scheme and artifice and attempting to do so, cause to be transmitted by means of wire in interstate commerce writings, signs, signals, and sounds, that is, **DEMOLA** caused materially false statements and half-truths, and the concealment of material information, to be made in lulling letters and communications sent by Walsh Securities to various parties concerning the nature and scope of the fraud and the purported lack of involvement of management personnel at

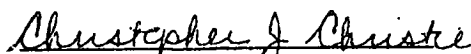
Walsh Securities, as set forth below:

<u>Count</u>	<u>Approx. Date</u>	<u>Nature of wire transmission</u>
2	July 3, 1997	Facsimile transmittal of letter from Walsh Securities in New Jersey to Greenwich Capital Markets in Connecticut
3	July 10, 1997	Facsimile transmittal of letter from Walsh Securities in New Jersey to Greenwich Capital Markets in Connecticut
4	August 27, 1997	Facsimile transmittal of letter from Walsh Securities in New Jersey to RBMG in South Carolina

In violation of Title 18, United States Code, Sections 1343 and 2.

A TRUE BILL

  
FOREPERSON

  
CHRISTOPHER J. CHRISTIE  
United States Attorney

# Exhibit FF

# WALSH SECURITIES, INC.

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## RESULTS OF OPERATIONAL REVIEW

PREPARED BY:

AGS FINANCIAL CORPORATION  
555 FIFTH AVENUE  
17<sup>TH</sup> FLOOR  
NEW YORK, NY 10017  
PHONE: 212-286-9574  
FAX: 212-296-9576

OCTOBER 9, 1997



WSI 87100

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EXECUTIVE SUMMARY

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AGS Financial Corporation ("AGS") was retained by Walsh and Smith Barney to review the underwriting and origination practices of Walsh in light of loans recently purchased by Walsh which were suspected to be fraudulently originated by National Home Funding. AGS conducted the engagement with the assistance of Prime Financial, who performed the due diligence review, and The Clayton Group who provided data analysis.

The engagement focused on the policies, procedures and operation of Walsh's loan origination and underwriting practices. AGS in cooperation with Prime, reviewed the fraudulently originated loans from National Home Funding to identify common characteristics and completed a review of a sample of loans from Walsh 1997-3 and 1997-4.

Walsh established operations by selling loans in the whole loans market. Once Walsh shifted to securitization executions the underwriting guidelines, due diligence, quality control and post closing reviews provided by the whole loan buyer were eliminated. Walsh has been very slow to develop these functions internally and the quality of mortgage loan underwriting has deteriorated.

Walsh has recently seen an increase in their mortgage origination volume. This additional volume appears to have strained Walsh's operational capabilities. This is evidenced by poorly documented loan files, inadequate follow-up and insufficient post closing analysis. Additionally, the quality of loans appears to have declined between Walsh 1997-3 and 1997-4.

The loan files are characterized by minimal documentation. Often, the documentation contained in the file is insufficient to allow for an independent review of the underwriting decision. Based upon the documents in the file, it is often difficult to determine if the underwriter adequately addressed the risks associated with the loan.

The underwriting guidelines provide little guidance in evaluating certain risk characteristics of the loans. The guidelines were also found to be somewhat confusing and subject to interpretation. Two loan programs, the No Seasoning Program and the Mortgage Only Program should be evaluated to determine if these are prudent risks for Walsh.

The credit analysis of Walsh's underwriting process is inconsistent and widely interpreted. Some underwriters generally refer only to mortgage credit in determining the loan grade. Very little emphasis is placed on consumer credit if the borrower's mortgage credit is acceptable. Walsh should consider incorporating the use of credit scores into the underwriting process.

Several operational deficiencies are evident in the relationship between Walsh and the servicer Temple Inland. These deficiencies are resulting in poor initial set-up of the loans and problems initiating contact with borrowers.

AGS reviewed the loans suspected to be fraudulently originated by National Home Funding. The majority of the loans were fraudulently conceived and assembled in such a manner that detection was unlikely. However a more thorough analysis of the loan files and basic risk management procedures may have identified this fraudulent trend at an earlier time.

In conclusion, once Walsh changed from a whole loan seller to a securitization execution, the proper risk management functions were not in place to adequately manage the business. The lack of risk management combined with increased origination volume elevated Walsh's susceptibility to poor underwriting decisions and fraud.

WSI 87103

# Exhibit GG

## H.L. UNIFORM SETTLEMENT STATEMENT NT

<b>A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>SETTLEMENT STATEMENT</b>	
<b>B. TYPE OF LOAN</b> 1. FHA 2. FNMA 3. <input checked="" type="checkbox"/> CONV. UNINS. 4. VA 5. CONV. INS.		6. File Number:	7. Loan Number: 625402
		8. Mortgage Insurance Case Number:	
<b>C. NOTE:</b> This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals. NOTE: TIN = Taxpayer's Identification Number.			
<b>D. NAME AND ADDRESS OF BORROWER:</b> CRUZ CRESPO 206 JULIO CRESPO 335 WATSON AVENUE PERTH AMBOY, NJ		<b>E. NAME, ADDRESS AND TIN OF SELLER:</b> CRISTO PROPERTY MANAGEMENT, LTD  809 HMY 36 UNION BEACH, NJ 07735	
		<b>F. NAME AND ADDRESS OF LENDER:</b> National Home Funding 3443 Route 9 North Freehold, NJ 07728	
<b>G. PROPERTY LOCATION:</b> 206 SHERMAN STREET PERTH AMBOY, NJ		<b>H. SETTLEMENT AGENT: NAME AND TIN</b> Stanley Yackez, Esq.  <b>I. SETTLEMENT DATE:</b> 04/25/97	
		<b>PLACE OF SETTLEMENT:</b> 330 State Highway No. 34 P.O. Box 329 Matawan, New Jersey 07747	

J. SUMMARY OF BORROWER'S TRANSACTION			K. SUMMARY OF SELLER'S TRANSACTION		
100. GROSS AMOUNT DUE FROM BORROWER:			400. GROSS AMOUNT DUE TO SELLER:		
101. Contract sales price		124,000.00	401. Contract sales price		124,000.00
102. Personal property			402. Personal property		
103. Settlement charges to borrower (in 1400)		1,186.18	403.		
104.			404.		
105.			405.		
Adjustments for items paid by seller in advance			Adjustments for items paid by seller in advance		
106. City/town taxes 03/01 to 04/25		409.36	406. City/town taxes 03/01 to 04/25		409.36
107. County taxes to			407. County taxes to		
108. Assessments to			408. Assessments to		
109.			409.		
110.			410.		
111.			411.		
112.			412.		
113.			413.		
120. GROSS AMOUNT DUE FROM BORROWER		125,595.54	420. GROSS AMOUNT DUE TO SELLER		124,409.36

200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER			500. REDUCTIONS IN AMOUNT DUE TO SELLER		
201. Deposit or earnest money		1,000.00	501. Excess deposit (see instructions)		1,000.00
202. Principal amount of new loan(s)		93,000.00	502. Settlement charges to seller (in 1400)		15,568.65
203. Existing loan(s) taken subject to			503. Existing loan(s) taken subject to		
204. 2ND MORTGAGE		31,000.00	504. Payoff of first mortgage loan		75,419.91
205.			505. Payoff of second mortgage loan		
206.			506. 2ND MORTGAGE		31,000.00
207. CLOSING COSTS ADVANCED BY SELLER		595.54	507. WATER/SEWER AMOUNT DUE		325.24
208.			508. ESCROW FOR FINAL WATER READING		500.00
209.			509. CLOSING COSTS ADVANCED BY SELLER		595.54
Adjustments for items unpaid by seller			Adjustments for items unpaid by seller		
210. City/town taxes to			510. City/town taxes to		
211. County taxes to			511. County taxes to		
212. Assessments to			512. Assessments to		
213.			513.		
214.			514.		
215.			515.		
216.			516.		
217.			517.		
218.			518.		
219.			519.		
220. TOTAL PAID BY/FOR BORROWER		125,595.54	520. TOTAL REDUCTION AMOUNT DUE SELLER		124,409.36

300. CASH AT SETTLEMENT FROM/TO BORROWER			600. CASH AT SETTLEMENT TO/FROM SELLER		
301. Gross amount due from borrower (in 220)		125,595.54	601. Gross amount due to seller (in 420)		124,409.36
302. Less amts paid by/for borrower (in 220)		125,595.54	602. Less reduct in amt due seller (in 520)		124,409.36
303. CASH TO FROM BORROWER			603. CASH TO FROM SELLER		

## SUBSTITUTE FORM 1099 SELLER STATEMENT

The information contained in Blocks E, G, H and I and on line 401 (or, if line 401 is asterisked, line 403 and 404) is important to information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported. If this real estate is your principal residence, file form 219, Sale of Exchange of Principal Residence, for any gain, with your income tax return. For other transactions, complete the applicable parts of Form 4797, Form 6253 and/or Schedule D (1040). You are required to provide the Settlement Agent (named above) with your correct taxpayer identification number. If you do not provide the Settlement Agent with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law. Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number.

CRISTO PROPERTY MANAGEMENT, LTD

WS1 053833

COM/WALSH 009337

L. SETTLEMENT CHARGES				Page 2	
700. TOTAL SALES/BROKER'S COMMISSION based on price \$ 124,000.00			Division of commission (line 700) as follows:	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
701.	\$	to			
702.	\$	to			8,100.00
703.	Commission paid at Settlement				
704.					
800.	ITEMS PAYABLE IN CONNECTION WITH LOAN				3,295.00
801.	Loan origination fee				
802.	Loan discount				
803.	Appraisal fee to NATIONAL HOME POC \$450				
804.	Credit report to				
805.	Lender's inspection fee				
806.	Mortgage insurance application fee to				
807.	Assumption fee			72.00	
808.	TAX SERVICE FEE			250.00	
809.	COMMITMENT FEE TO WALSH			25.00	
810.	COURIER FEE FROM WALSH			100.00	
811.	APPLICATION FEE TO NATIONAL				
900.	ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			189.18	
901.	Interest from 04/25 to 05/01 @ \$ 11.53/day				
902.	Mortgage insurance premium for months to				
903.	Hazard insurance premium for years to			350.00	
904.	COMMITMENT FEE TO NATIONAL				
905.	NATIONAL HOME FUNDING POC \$930.00				
1000.	RESERVES DEPOSITED WITH LENDER				
1001.	Hazard insurance	months @ \$	per month		
1002.	Mortgage insurance	months @ \$	per month		
1003.	City property taxes	months @ \$	per month		
1004.	County property taxes	months @ \$	per month		
1005.	Annual assessments	months @ \$	per month		
1006.		months @ \$	per month		
1007.		months @ \$	per month		
1008.		months @ \$	per month		
1100.	TITLE CHARGES				680.00
1101.	Settlement or closing fee to RICHARD PEPSHY, \$30 Bank & Fax Fees				
1102.	Abstract or title search to				
1103.	Title examination to				
1104.	Title insurance binder to				100.00
1105.	Document preparation to				
1106.	Notary fees to				650.00
1107.	Attorney's fees to Stanley Yacker				
	(includes above item numbers: )				1,094.00
1108.	Title insurance to HONOLULU TITLE AGENCY				
	(includes above item numbers: )				
1109.	Lender's coverage \$ 93,000.00				
1110.	Owner's coverage \$ 124,000.00				
1111.					
1112.					
1113.					
1200.	GOVERNMENT RECORDING AND TRANSFER CHARGES				190.00
1201.	Recording Fees: Deed \$ 50.00; Mortgage \$ 100.00; Releases \$ 40.00				
1202.	City/county tax/stamps: Deed \$ ; Mortgage \$				434.00
1203.	State tax/stamps: Deed \$ 124,000.00 ; Mortgage \$				
1204.					
1205.					
1300.	ADDITIONAL SETTLEMENT CHARGES				375.00
1301.	Survey to MID ATLANTIC SERVICE				
1302.	Pest inspection to				
1303.					25.00
1304.	Express Mail to Walsh				
1305.	INSURANCE POC				665.65
1306.	2ND QTR TAXES				
1400.	TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 503, Section K)			1,286.18	13,368.65

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrower:

CRISTO CRESCO

200

Seller:

CRISTO PROPERTY MANAGEMENT, LTD

JULIO CRESCO

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or authorized the same to be prepared in accordance with this statement.

Settlement Agent

Stanley Yacker, Esq.

Date 04/25/97

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

WS1 053834

COM/WALSH 009338



# Exhibit HH

## LATHAM & WATKINS

ATTORNEYS AT LAW

ONE NEWARK CENTER

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FAX (201) 639-7298

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DANA LATHAM (1898-1974)

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FAX (202) 637-2201

July 28, 1997

### VIA U.S. CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Commonwealth Land Title Insurance Company  
8 Penn Center  
Philadelphia, PA 19103

Re: Claims Based On Closing Service Letters to Walsh Securities Inc.  
As Successors And/Or Assigns To National Home Funding, Inc.

To Whom It May Concern:

The purpose of this letter is to put you on notice that our client Walsh Securities Inc. ("Walsh Securities") has retained us to seek recovery for losses or claims covered by Closing Service Letters issued by Commonwealth Land Title Insurance Company to Walsh Securities as the successors and/or assigns of National Home Funding, Inc. in a series of real estate transactions. These losses or claims arise out of activities by closing attorneys ("Attorneys") whose conduct is covered by your Closing Service Letters. The losses or claims arise out of:

1. Failure of the Attorneys to comply with Walsh Securities' written closing instructions relating to the collection of payments and funds due to Walsh Securities, and/ or
2. Fraud of or misapplication by the Attorneys in handling Walsh Securities' funds in connection with the collection of payments and funds due to Walsh Securities.

Commonwealth Land Title Insurance Company  
July 28, 1997  
Page

The Attorneys and the closings or transactions covered by this letter are described in Schedule A which is attached to this letter. Because Walsh Securities is still investigating certain mortgage loan transactions, Walsh Securities reserves its right to supplement this notice letter and the list of closing attorneys and the closings or transactions described in Schedule A with additional closing attorneys and closings or transactions insured by Commonwealth Land Title Insurance Company.

Please contact me to discuss Walsh Securities' recovery of funds owed to it.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff M. Goodman", with a long horizontal flourish extending to the right.

Jeffrey M. Goodman\*  
of LATHAM & WATKINS

Attachment

cc: Walsh Securities Inc.

Donna Sullivan, Esq. (Via Telecopy)  
Commonwealth Land Title Insurance Company

\*Admitted in New York State Only

[illegible]



Contract No.	Contract Name	Contract Dates	Contract Location	Contract Description	Contract Value	Contract Status	Contract Owner	Contract Manager	Contract Agent	Contract Contact	Contract Email	Contract Phone	Contract Fax	Contract Address	Contract City	Contract State	Contract Zip	Contract Title
622015	BURGENSEN, ALICIA	30-Oct-98	112500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	150000	COMMONWEALTH	CT-18370(A)	1282	1312	WASHINGTON	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622654	BUSTOS LACY, YOLANDA	05-Nov-98	125000 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	120000	COMMONWEALTH	CT-18370(A)	1312	1312	WASHINGTON	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622625	BUSTOS SR, RAFAEL	06-Nov-98	106500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	142000	COMMONWEALTH	CT-18370(A)	20	20	20-22 RIDGE AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622625	BUSTOS SR, RAFAEL	06-Nov-98	103500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	130000	COMMONWEALTH	CT-18370(A)	509	509	509 RIDGE AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622627	REILLY BRIAN G	06-Nov-98	142500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	190000	COMMONWEALTH	CT-18370(A)	703	703	703 FOURTH AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622658	REILLY BRIAN G	06-Nov-98	91500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	120000	COMMONWEALTH	CT-18370(A)	126	126	1043 SUMMERFIELD AVE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622019	APCAR, RAYMOND	08-Nov-98	112500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	150000	COMMONWEALTH	CT-18370(A)	1914	1914	NORTH EAST CENTRAL	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622647	DIODANA, THOMAS J	08-Nov-98	138750 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	150000	COMMONWEALTH	CT-18370(A)	704	704	704 PRINCE STREET	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622681	MAJOR, JOSEPH L	08-Nov-98	112500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	150000	COMMONWEALTH	CT-18370(A)	326	326	FISHER AVENUE	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622784	PRINCIPEN, JOSEPH	18-Nov-98	135000 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	120000	COMMONWEALTH	CT-18370(A)	113	113	405 WEST BERGEN AVENUE	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622654	ALIA, JAMES	21-Nov-98	102500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	130000	COMMONWEALTH	CT-18370(A)	1278	1278	1278 WASHINGTON	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622657	REILLY BRIAN G	22-Nov-98	73500 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	105000	COMMONWEALTH	CT-18370(A)	1041	1041	1041 BANGS STREET	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622054	DICARLO JR, LOUIS	31-Dec-98	124600 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	120000	COMMONWEALTH	CT-18370(A)	305	305	305 SECOND AVENUE	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
622410	DELUSKY, DIMITAR D	31-Dec-98	135000 NATIONAL HOME	STANLEY YACKER, ESQ.	17-Jan-97	120000	COMMONWEALTH	CT-18370(A)	340	340	FRANKLIN PL	SEASIDE PARK	NJ	08752	SEASIDE PARK	NJ	08752	SEASIDE PARK
624494	OWENS, THOMAS	17-Jan-97	109200 NATIONAL HOME	ANTHONY M. CICALESE	07-Mar-97	150000	COMMONWEALTH	CT-18370(A)	512	512	SEWALL AVENUE	SEASIDE PARK	NJ	07712	SEASIDE PARK	NJ	07712	SEASIDE PARK
619909	COSARES, MICHAEL J	21-Jan-97	147000 NATIONAL HOME	STANLEY YACKER	07-Mar-97	180000	COMMONWEALTH	CT-18370(A)	246	246	BAYSIDE DRIVE	HIGHLANDS	NJ	07728	HIGHLANDS	NJ	07728	HIGHLANDS
622010	DIDONA JR, THOMAS J	30-Dec-98	93100 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	130000	COMMONWEALTH	CT-18370(A)	65	65	138 RIDGE AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
624180	CAMPOLI, DERRA	31-Dec-98	139750 NATIONAL HOME	STANLEY YACKER, ESQ.	27-Mar-97	185000	COMMONWEALTH	CT-18370(A)	138	138	138 RIDGE AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
622628	BUSTOS SR, RAFAEL	31-Dec-98	130000 NATIONAL HOME	STANLEY YACKER, ESQ.	20-Jan-97	190000	COMMONWEALTH	CT-18370(A)	609	609	609 3RD AVE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
624178	HIRSTON, LAURE	31-Dec-98	129500 NATIONAL HOME	STANLEY YACKER, ESQ.	30-Jan-97	155000	COMMONWEALTH	CT-18370(A)	515	515	515 7TH AVE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
624280	VISCARDI, KUSHERLY E	13-Jan-97	89500 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	180000	COMMONWEALTH	CT-18370(A)	135	135	JAMES ST	LONG BRANCH	NJ	07740	LONG BRANCH	NJ	07740	LONG BRANCH
624172	POWELL, MARGHERY E	17-Jan-97	140700 NATIONAL HOME	ANTHONY CICALESE	07-Mar-97	201000	COMMONWEALTH	CT-18370(A)	1110	1110	1110 5TH AVENUE	ASBURY PARK	NJ	07712	ASBURY PARK	NJ	07712	ASBURY PARK
624460	PISCORNER, JOSEPH	17-Jan-97	126000 NATIONAL HOME	ANTHONY CICALESE	07-Mar-97	160000	COMMONWEALTH	CT-18370(A)	309	309	503 RIDGE AVENUE	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624694	OWENS, THOMAS	23-Jan-97	114100 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	24	24	WEBSTER AVENUE	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624694	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	1121-1123	1121-1123	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624698	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
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624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
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624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
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624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
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624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)	39	39	W 3RD ST	SEASIDE	NJ	08751	SEASIDE	NJ	08751	SEASIDE
624697	OWENS, THOMAS	23-Jan-97	117950 NATIONAL HOME	STANLEY YACKER, ESQ.	07-Mar-97	165000	COMMONWEALTH	CT-18370(A)										

# Exhibit II

**MCCARTER & ENGLISH**

ATTORNEYS AT LAW

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SUITE 380  
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TELECOPIER (609) 682-8203MELLON BANK CENTER  
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WILMINGTON, DELAWARE 19800  
(302) 684-8000  
TELECOPIER (302) 684-0798ONE COMMERCE SQUARE  
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(561) 984-6262  
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BARBARA E. GOTTHELFF  
ROBERT J. BURGER  
\*DELAWARE BAR ONLY  
\*NEW YORK BAR ONLY  
\*PENNSYLVANIA BAR ONLY

September 29, 1997

**BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED**Re: Walsh Securities, Inc.  
Commonwealth Claim No. 97-0-2735Mr. Fred Schlesinger  
Walsh Securities, Inc.  
Corporate Office  
4 Campus Drive  
Parsippany, New Jersey 07054

Dear Mr. Schlesinger:

We have been retained to represent Commonwealth Land Title Insurance Company with respect to your claim. However, in order for Commonwealth to evaluate and respond to your claim, we need additional information. Accordingly, please provide the following information with respect to the above referenced claim:

1. As to each loan, identify the name, address and position/title of any employee of Walsh Securities, including but not limited to Robert Walsh, having knowledge of the acts, events and/or circumstances which you contend gives rise to coverage and the date that the employee acquired the knowledge;

2. As to each loan, identify the precise act or omission you claim gives rise to coverage;

WS2000001280  
W 000029

MCCARTER & ENGLISH

Mr. Fred Schlesinger  
September 29, 1997  
Page 2

3. Explain in detail the current status of each of the loans identified in your letter dated September 5, 1997. That is, identify what loans, if any, are in default and what loans, if any, are in foreclosure, etc.;

4. As to each loan, identify the attorney who closed the loan (if it would be an attorney other than the attorney listed on the chart you supplied to Commonwealth with your September 5, 1997 letter to Donna Sullivan, Esq.);

5. As to each loan, identify the in-house person(s) who reviewed the loans prior to closing with Walsh Securities;

6. As to each loan, identify the specific fraudulent statement listed on the HUD-1 settlement statement;

7. As to each loan, identify and define what is meant by the term "closing pre-conditions imposed by Walsh Securities, Inc." and identify and attach any "closing pre-conditions" that were not followed;

8. As to each loan explain how the violations of "closing pre-conditions" caused a loss to Walsh Securities and specify the amount of loss;

9. As to each loan, identify and supply any written underwriting standards that would apply to the loan; and

10. Confirm that you have forwarded the entire mortgage loan file for each of the Commonwealth loans identified in your letter dated September 5, 1997. If you have not forwarded the complete loan files, identify those documents which have been removed and/or withheld from the loan file.

Upon receipt of such information, we will respond to your claim.

Very truly yours,



David R. Kott

DRK/yt



# Exhibit JJ

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA, PLEA

vs.

WILLIAM KANE,

Defendant.  
-----

June 14, 2002  
Newark, New Jersey

B E F O R E: HONORABLE ALFRED M. WOLIN, USDJ

A P P E A R A N C E S:

CHRISTOPHER J. CHRISTIE, United States Attorney  
970 Broad Street  
Newark, NJ 07102  
BY: ALAIN LEIBMAN, Assistant U.S. Attorney  
For the Government

MICHAEL WASHOR, ESQ.,  
275 Madison Avenue  
New York, NY 10016  
For the Defendant.

Pursuant to Section 753 Title 28 United States Code, the  
following transcript is certified to be an accurate record  
as taken stenographically in the above-entitled proceedings.

  
JACQUELINE KASHMER  
Official Court Reporter

JACQUELINE KASHMER, C.S.R.  
OFFICIAL COURT REPORTER  
P. O. Box 12  
Pittstown, NJ 08867  
(973) 297-4889

1 habitable?

2 A. Yes, they did, your Honor.

3 Q. Did you and your co-conspirators fraudulently  
4 participate in and benefit from, A, sales of certain  
5 properties to actual buyers utilizing falsified transaction  
6 documents and generating inflated mortgage loans?

7 A. Yes, your Honor.

8 Q. And, B, sales of other properties to persons acting as  
9 straw buyers also utilizing falsified transaction documents  
10 and generating inflated mortgage loans?

11 A. Yes, your Honor.

12 Q. Did you act and agree with others to commit fraud in  
13 these transactions by various means, including the  
14 following, A, listing properties for resale with real estate  
15 agents Irene DiFeo and Donna Pepsny, who made various  
16 misrepresentations to buyers, falsified documents, and  
17 failed to disclose important information about the property  
18 to buyers?

19 A. Yes, we did, your Honor.

20 Q. Acting with Richard Pepsny, a lawyer, as the seller's  
21 attorney, in which capacity he falsified dates on deeds so  
22 that one of your companies was able to convey title to  
23 properties which it had not yet acquired?

24 A. Yes, we did, your Honor.

25 Q. And two, disbursed mortgage loan proceeds to you on

1 several transactions where Cristo did not actually complete  
2 the conveyance to a straw buyer and should not have received  
3 any proceeds?

4 A. Yes, your Honor.

5 Q. Acting with Stanley Yacker, an attorney, as an actual  
6 buyer's attorney or settlement agent in straw buyer  
7 transactions, in which capacity Mr. Yacker made various  
8 representations to buyers, falsified documents, and failed  
9 to disclose important information about the properties to  
10 buyers?

11 A. Yes, your Honor.

12 Q. Did you act with Vincent Applegate as a loan officer  
13 at Selective Finance where he falsified loan applications  
14 for actual buyers of properties?

15 A. Yes, I did, your Honor.

16 Q. Did you act with several residential real estate  
17 appraisers who inflated and falsified their appraisals in  
18 order to inflate the properties' market values and the  
19 resulting mortgage loan amounts?

20 A. Yes, I did, your Honor.

21 Q. As to straw buyer transactions involving Gary Grieser,  
22 using falsified pay stubs and Forms W-2 and fictitious  
23 leases in connection with fraudulent loan applications, and  
24 participating in the payment to certain straw buyers for the  
25 use of their names and credit histories to secure mortgage

1 loans?

2 A. Yes, I did, your Honor.

3 Q. As to straw buyer transactions, paying Lawrence Cuzzi,  
4 an associate of Gary Grieser, to locate straw buyers or  
5 otherwise obtain the necessary names and credit histories  
6 for use in the transactions?

7 A. Yes, we did, sir.

8 Q. Making payments to Anthony D'Apolito and Kellie  
9 O'Neill, employees of Walsh Securities, for their assistance  
10 in facilitating the processing of loans on these properties  
11 and in creating false documents to further the loan  
12 applications?

13 A. Yes, I did, your Honor.

14 Q. And agreeing and acting with one or more principals  
15 and officers of Walsh Securities to falsify documents in  
16 connection with loans and to conceal the true conditions of  
17 properties from representatives of Walsh's warehouse credit  
18 facility, among other activities?

19 A. Yes, I did, your Honor.

20 Q. As to the Information arising out of the Eastern  
21 District of New York, as of late 1993, did you own  
22 approximately eight properties located in Brooklyn and  
23 Staten Island for which you lacked the funds to make the  
24 required mortgage payments and to make repairs?

25 A. Yes, your Honor.